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SECURITY INFORMATION

Chief, D/R

11 July 1952

Attn: [REDACTED]

Chief, W/X

Comments on "Report on Alloy Metals."

1. General:

a. This is a very useful study and should be pursued.

b. Greater development of the section on "Controls" could strengthen the paper.

c. W/X comments on "East-West Trade" are to bring more recent COCOM data to the attention of the analyst in charge.

2. Section III, Controls, might incorporate the following:

a. p. 2, last paragraph. "Molybdenum and molybdenum products are on..."

Comment: Specifically, molybdenum ores and concentrates, scrap, metal (including wire, ferromolybdenum, and alloys), compounds and cemented or sintered carbide are on I/L I. These same items are on Title I, Category B of the Battle Act.

b. p. 2-3, (last paragraph on page 2, et seq.) "Apparently no upper limit..."

Comment: Tungsten is controlled in COCOM under paragraph 3(d) of COCOM Doc. #470. The 3(d) provision provides:

"Where the latest available information does not permit agreement on reasonably accurate and defensible quantitative limits, from a security viewpoint, the items will be controlled with full regard to their strategic importance, as revealed by discussion in COCOM, and in keeping with the principle that exports will be permitted only to the extent required in order to obtain imports from the Soviet Bloc which are essential to sustain the basic economy and thereby support the defense effort."

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"Exports of these items will not be permitted for the purpose of maintaining or developing export markets in the Soviet bloc or for similar purposes. Where trade agreements exist governing the exchange of goods between particular countries, exports of these items will not be permitted outside the framework of the trade agreements, except in the case of officially-approved barter or compensation arrangements."

There is no upper limit to exports under this provision and each country is the judge of the adequacy of the "quid pro quo" received. Each country reports monthly on exports of I/L II items, including tungsten.

c. p. 3. paragraph 1.

Comment: Spain, as a recipient of US foreign aid, falls within the purview of the Battle Act. Tungsten is not one of the items on the Battle Act Lists. Spain has, however, signified her willingness to cooperate with the U.S. in this matter. Violations of Spanish controls, however, are not uncommon.

d. p. 3. paragraph 1.

Sweden is not a member of COCOM, and has an autonomous export control policy. In fact, however, Sweden has generally accepted the COCOM decisions as to what are "strategic goods." Sweden requires licenses for all exports I/L I items and holds quantities of I/L II items approved for export to past levels.

3. Section IV, p. 4, first paragraph under this section, et seq.

Comment: The following information is available from the COCOM reports of I/L II exports:

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TABLE I

Total Value of I/L II Item 2667 Reported Exported from COCOM Countries to the Soviet Bloc in 1951

<u>Exporting Country</u>	<u>U.S. Dollars</u>
France	5,000
W. Germany	212,000
Netherlands	1,014,000
U.K.	2,000
Total	\$1,234,000

In the first 6 months of 1951, the following destination information is available:

TABLE II

Total Value of I/L II Item 2667 Reported Exported from Certain COCOM Countries to Certain Bloc Destinations in the first 6 months of 1951

(U.S. Dollars)							<u>Total</u>
<u>From</u>	<u>Czech</u>	<u>Poland</u>	<u>To E. Ger.</u>	<u>Hungary</u>	<u>China</u>	<u>Rest of Bloc</u>	
W. Germany	210,000	51			36	0	210,093
Neth	17,229		2,437		570	0	20,236
U.K.	145	1,977		3		0	2,125
Total	227,380	2,028	2,437	3	606	0	232,454

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TABLE III

Composition of Netherland's Exports of
 I/L II Item 2667 from July - Nov., 1951.

<u>2667 Item</u>	<u>To</u>	<u>Quantity</u>	<u>US Dollar Value</u>
Tungsten	E. Ger.	768,400 meters	2,256
Wire	"	"	2,186
	Czecho	76 metric tons	8,755
	"	32.4 " "	3,471
	Poland	0.276 kg.	17
Tool Bits	Czecho	13 metric tons	10,703
Tungsten Acid	Czecho	105 " "	<u>967,105</u>
		Total	994,493

b. Data on the programming of US exports is available on both tungsten and molybdenum in E/L.